



BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
SEPTEMBER 30, 2013
(UNAUDITED)

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Mohammad Ashraf Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Vali Mohammad M. Yahya Mr. Wazir Ahmed Jogezeai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir	Chairman-Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
AUDIT & HR COMMITTEE	Mr. Siraj A. Kadir Mr. Mohammad Ashraf Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Muhammad Hashim	
AUDITORS	M. Yousuf Adil Saleem & Co. Chartered Accountants	
BANKERS	Faysal Bank Limited United Bank Limited MCB Bank Limited	
SHARE REGISTRAR	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Tel: 35687839-35685930	
REGISTERED OFFICE	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan. Tel : 0853 - 363287-8, 0853 - 363289 Fax: 0853 - 363290	
CITY OFFICE	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi. Tel : 3240-0440 Fax : 3241-1986	

QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' Review along with the un-audited financial statements of your Company for the first quarter ended September 30 2013.

Our nation's economy is going through very sensitive phase, despite elimination of circular debt, it has started to accumulate again and has crossed the one hundred billion rupee mark. Similarly, raising electricity tariffs and thereby reducing subsidies and hiking sales tax are the key measures that have been taken by the present government but all of them have, so far, negatively affected the business community. Industrial and commercial sector has been affected the most by huge increase in electricity tariffs and despite tolerating this burden; they have not been assured of continuous electricity supply. Power outages have become a normal phenomenon and the jerks / fluctuations in electricity supply have caused major damage to the sophisticated plant and machinery.

Your Company also fell victim to this problem and owing to continuous surges in electricity supply, certain key components of one of our plants got damaged. The plant had to be closed down partially till that component is repaired. This has affected the production and consequently the sales have dropped and so did the profit. As against a turnover of Rs. 68.9 million in September 2012, owing to partial closure of one of our plants, the turnover for September 2013 quarter amounted to Rs. 36.7 million. This decrease in revenue has led to a loss before tax of Rs. 7.6 million. Similarly, earning per share was negative by Rs. 1.04. The main decrease of revenue was in the month of July and August. The component has been repaired successfully and it is in process of being installed. The management expects that within next fortnight, the plant will be in full operation and INSHAALLAH the Company will be able to recover the lost revenues. From September 2013 on-wards, the sales have started to increase again as the management has made alternative arrangements to purchase semi-finished goods and then process it to meet the demand of its customers. The management is quite hopeful that till half year end, the financial results will be quite stable and this loss of first quarter is expected to reduce till December 31, 2013.

Cash-flows of the Company have also weakened. Net cash of Rs. 5 million was used in operating activities. However, Rs. 1.1 million cash was generated from investing activities. Long term borrowings are also being paid, though partly; and the management has a full commitment to repay the bank borrowings as per the agreed terms.

I feel very glad to inform you about a considerable development with respect to the second hand imported plant as Mr. Wolfgang Langner, owner of LANGNER

TIEFTEMPERATURTECHNIK a very well-known and experienced engineer from Germany, whom the Company has been requesting to visit the plant site for last many years, has finally shown his consent to come to Pakistan. His visit is expected in next few days and the management intends to take technical advice from him to make sure that this plant can be operated continuously.

For the rest of the year, we expect a better financial performance in the upcoming quarter as compared to this first quarter 2013-14 as severe power & gas crises continued and a worsening law and order situation especially in the Balochistan province has directly impacted the business community.

On behalf of the Board

Karachi.
Dated: October 31, 2013

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET

	Note	Unaudited September 30, 2013	Audited June 30, 2013
		----- Rupees -----	-----
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 15,000,000 Ordinary shares of Rs.10/- each		<u><u>150,000,000</u></u>	<u><u>150,000,000</u></u>
Issued, subscribed and paid-up capital		<u>75,025,104</u>	<u>75,025,104</u>
Un-appropriated profit		<u>28,280,692</u>	<u>36,039,305</u>
		103,305,796	111,064,409
Surplus on revaluation of property, plant and equipment - net	4	16,810,759.00	16,887,424
Non Current Liabilities			
Deferred tax liability	5	8,613,371.00	8,654,652
Long-term financing		8,107,325	9,803,859
Long-term deposits		30,801,958	30,801,958
Current Liabilities			
Trade and other payables		<u>21,967,273</u>	<u>13,146,829</u>
Interest / mark-up accrued		<u>2,538,458</u>	<u>3,264,946</u>
Short-term borrowings		<u>16,495,324</u>	<u>10,783,013</u>
Current portion of long-term financing		<u>10,256,894</u>	<u>10,873,394</u>
		51,257,949	38,068,182
Total Equity and Liabilities		<u><u>218,897,158</u></u>	<u><u>215,280,484</u></u>

AS AT SEPTEMBER 30, 2013

	Note	Unaudited September 30, 2013	Audited June 30, 2012
		----- Rupees -----	
ASSETS			
Non Current Assets			
Property, plant and equipment	6	184,411,576	186,819,834
Long-term deposits		3,215,467	3,215,467
Current Assets			
Stores and spares		1,354,789	1,405,692
Stock-in-trade		955,530	2,717,983
Trade debts		9,402,735	6,947,148
Loans and advances		4,740,857	1,318,100
Advance tax		4,861,205	4,597,705
Trade deposits and other receivables		6,388,702	4,185,283
Other financial assets		146,127	146,127
Income tax refundable		3,098,846	3,098,846
Cash and bank balances		321,324	828,299
		31,270,115	25,245,183
Total Assets		218,897,158	215,280,484

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

SIRAJ A. KADIR
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

		Unaudited September 30, 2013	Unaudited September 30, 2012
	Note	----- Rupees -----	----- Rupees -----
Sales - net		36,748,835	68,944,097
Cost of sales	7	(38,005,736)	(52,601,704)
Gross profit		(1,256,901)	16,342,393
(Loss) / profit from trading activities - gases		(50,240)	148,997
Other operating income		584,302	108
		(722,839)	16,491,498
Distribution cost		(1,276,923)	(2,431,435)
Administrative expenses		(3,601,638)	(3,770,179)
Finance cost - net		(927,369)	(2,447,643)
Other operating expenses		(1,163,730)	(1,158,857)
(Loss) / profit before taxation		(7,692,499)	6,683,384
Provision for taxation			
- current	8	(184,060)	(689,441)
- deferred		41,281	70,694
(Loss) / profit for the period		(7,835,278)	6,064,637
Other comprehensive income		-	-
Total comprehensive income for the period		(7,835,278)	6,064,637
Earnings per share - basic and diluted		(1.04)	0.81

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

SIRAJ A. KADIR
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Unaudited September 30, 2013	Unaudited September 30, 2012
Note	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(7,692,499)	6,683,384
Adjustments for:		
Depreciation	1,816,495	1,808,577
Gain on disposal of property, plant and equipment	(508,237)	-
Finance cost	927,369	2,447,643
Operating cash flows before working capital changes	<u>(5,456,872)</u>	<u>10,939,604</u>
Working capital changes		
Stores and spares	50,903	(188,164)
Stock-in-trade	1,762,453	(4,089,619)
Trade debts	(2,455,587)	(5,895,717)
Loans and advances	(3,422,757)	1,221,235
Trade and other payables	8,820,444	(1,584,029)
Trade deposits and other receivables	<u>(2,203,419)</u>	<u>5,389,003</u>
	2,552,037	(5,147,291)
Net cash (used in) / generated from operations	<u>(2,904,835)</u>	5,792,313
Finance cost paid	(1,653,857)	(963,827)
Income tax paid	<u>(447,560)</u>	<u>(1,819,904)</u>
Net cash (used in) / generated from operating activities	<u>(5,006,252)</u>	<u>3,008,582</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(513,146)
Proceeds from disposal of property, plant and equipment	1,100,000	-
Payment made for capital work in progress	-	(512,093)
Net cash generated from / (used in) investing activities	<u>1,100,000</u>	<u>(1,025,239)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities	-	(1,682,000)
Repayment of long-term finance	(2,313,034)	(5,581,144)
Decrease in short-term borrowings	5,712,311	5,489,308
Net cash generated from / (used in) financing activities	<u>3,399,277</u>	<u>(1,773,836)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<u>(506,975)</u>	209,507
Cash and cash equivalents at beginning of the period	828,299	856,836
Cash and cash equivalents at end of the period	<u>321,324</u>	<u>1,066,343</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

SIRAJ A. KADIR
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Issued, subscribed and paid-up capital	Un-appropriated profit	Total
	----- Rupees -----		
Balance as at June 30, 2012	75,025,104	22,530,417	97,555,521
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	525,153	525,153
Total comprehensive income for the year ended June 30, 2013	-	12,983,735	12,983,735
Balance as at June 30, 2013	75,025,104	36,039,305	111,064,409
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	76,665	76,665
Total comprehensive income for the quarter ended September 30, 2013	-	(7,835,278)	(7,835,278)
Balance as at September 30, 2013	75,025,104	28,280,692	103,305,796

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

SIRAJ A. KADIR
Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

1. THE COMPANY AND ITS OPERATIONS

Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978. The Company is currently listed on the Karachi Stock Exchange. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas. The manufacturing facilities are located at Hub Industrial Estate, Tehsil Hub in the province of Balochistan. The registered office of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2013.

	Unaudited September 30, 2013	Audited June 30, 2013
Note	----- Rupees -----	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
Surplus on freehold land	10,754,210	10,754,210
Surplus on building on freehold land	6,056,549	6,133,214
	<u>16,810,759</u>	<u>16,887,424</u>

	Unaudited September 30, 2013	Audited June 30, 2013
Note	----- Rupees -----	
4.1	Movement of surplus on building on freehold land	
	9,435,713	16,158,565
	-	(5,914,924)
	(76,665)	(525,153)
	(41,281)	(282,775)
	9,317,767	9,435,713
	Less: related deferred tax liability on:	
	(3,302,499)	(5,655,497)
	-	2,070,223
	41,281	282,775
	(3,261,218)	(3,302,499)
	6,056,549	6,133,214
5.	DEFERRED TAX LIABILITY	
	Deferred debits arising due to:	
	(105,329)	(105,329)
	(22,849,924)	(22,849,924)
	(496,558)	(496,558)
	(23,451,811)	(23,451,811)
	Deferred credits arising due to:	
	28,803,964	28,803,964
	3,261,218	3,302,499
	8,613,371	8,654,652
6.	PROPERTY, PLANT AND EQUIPMENT	
	184,411,576	186,819,834
6.1	Additions to property, plant and equipment during the period were Nil (June 30, 2013: Rs. 5,854,745) and disposals there from at net book value were Rs. 591,763 (June 30, 2013: Rs. 144,004).	

	Unaudited September 30, 2013	Unaudited September 30, 2012
7. COST OF SALES		
Raw material consumed	28,190,190	22,383,788
Salaries, wages and benefits	2,851,245	5,750,652
Power, fuel and water	2,544,745	21,702,808
Stores and spares	112,931	939,374
Repairs, maintenance and handling	2,335,120	2,458,798
Insurance	455,904	369,049
Vehicles running and maintenance	74,904	137,008
Depreciation	392,319	544,844
Others	516,604	1,436,577
Maintenance and other charges recovered	(309,034)	(383,799)
	37,164,928	55,339,099
Finished goods		
Opening stock	1,256,121	291,753
Closing stock	(415,313)	(3,029,148)
	840,808	(2,737,395)
	38,005,736	52,601,704

8. TAXATION

Charge for the current taxation represents turnover tax @ 0.5% (2012: 1%) under section 113 of the Income Tax Ordinance, 2001.

9. TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. The transactions with related parties are as follows:

	Unaudited September 30, 2013	Unaudited September 30, 2012
----- Rupees -----		
Associated undertakings		
Organisation charges paid	37,391	99,060
Long-term loan repaid to associated undertaking	-	900,000
Transactions with key management personnel		
Salaries, benefits and other allowances	1,369,468	860,022
Other related parties		
Contribution made by the Company to retirement benefit plan	212,803	351,606

10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 31, 2013 by the Board of Directors of the Company.

M. HANIF Y. BAWANY
Managing Director/ Chief Executive Officer

SIRAJ A. KADIR
Director



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